

**RULES  
OF  
THE TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION**

**CHAPTER 0620-3-2  
POLICY AND PROCEDURES REGARDING THE PERFORMANCE OF SERVICES BY  
A STATE EMPLOYEE FOR A STATE AGENCY OTHER THAN THE ONE BY  
WHICH HE IS EMPLOYED**

**TABLE OF CONTENT**

0620-3-2-.01 Compensation allowable only as provided	0620-3-2-.03 Repealed
0620-3-2-.02 Appendix to Rule 0620-3-2-.01 Form	0620-3-2-.04 Repealed

**0620-3-2-.01 COMPENSATION ALLOWABLE ONLY AS PROVIDED.** Employees of departments, agencies and institutions of the state government may perform for other state agencies services for which compensation is expected only in the manner and under the conditions set forth below:

- (1) Policy
  - (a) No compensation for such services shall be available to any commissioner or commissioner-level personnel.
  - (b) No employee shall receive any compensation for such services unless they are performed at times when the employee is not on duty in his or her regular position.
  - (c) It is state policy that a full-time employee of an agency of the state government should devote his full working time to his position. An arrangement shall therefore not be approved if it will diminish the time such an employee will have available for the performance of his regular duties.
    - 1. Exceptions to the policy stated in this paragraph may be made upon submittal, with the memorandum described in paragraph (2)(a) below, of a statement of justification setting forth special circumstances, and upon approval of the Commissioner of Finance and Administration.
    - 2. Any exception arrangements so approved shall be filed, along with a copy of the justification statement, with the office of the Comptroller of the Treasury.
  - (d) Compensation shall not exceed the rate the procuring agency normally pays for such services.
  - (e) Conflicts of interest shall be avoided.
- (2) Procedures
  - (a) Memorandum requesting approval
    - 1. The arrangement shall be described in memorandum form, which shall include a description of the services to be performed, the name and social security number of the state employee, and the compensation to be paid.
    - 2. The memorandum shall be approved by the head of the employer agency and the head of the agency procuring the services, and copies shall be filed with the Budget Division of the Department of Finance and Administration and the Department of Personnel.

3. In the event the compensation to the employee will not exceed \$1,500, no further approvals are necessary. For arrangements calling for more than \$1,500 in compensation to the employee, the advance written approval of the Budget Division of the Department of Finance and Administration shall be required.
  4. A blank form memorandum which may be used for this purpose is attached as rule 0620-3-2-.02 (Appendix I to this rule).
- (b) Compensation – Compensation to the employee shall be by the following means:
1. The funds shall be payable through the personnel system of the employer agency and be shown on the records as additional earnings.
  2. Payment shall be authorized by a supplemental pay authorization, subjecting the additional earnings to income tax, social security and retirement deduction.
- (c) Reimbursement to employer agency – The procuring agency shall reimburse the employer agency in the amount of actual cost as follows:
1. Payment shall be made by journal voucher (in the case of Executive branch agencies) or by check (in the case of Higher Education).
  2. If the employer agency makes a contribution for social security and retirement, the amount of that contribution shall be included in the reimbursement between the two agencies.

**Authority:** T.C.A. §8-23-201 (c). **Administrative History:** Original rule filed April 14, 1976; effective May 14, 1976. Repealed and new rule filed May 16, 1980; effective August 27, 1980. Repeal and new rule filed March 29, 1984; effective June 12, 1984.

**0620-3-2-.02 APPENDIX TO RULE 0620-3-2-.01 – FORM**

**MEMORANDUM OF AGREEMENT**

**FOR EMPLOYEE SERVICES**

**(Dual Services)**

\_\_\_\_\_  
Vendor Agency

\_\_\_\_\_  
Procuring Agency

THIS MEMORANDUM signifies agreement of the above parties concerning the provision of employee services. The agreement is as follows:

1. Vendor Agency agrees to furnish the services of its employee \_\_\_\_\_, Social Security No. \_\_\_\_\_, who will perform the following services for Procuring Agency: \_\_\_\_\_

POLICY AND PROCEDURES REGARDING THE PERFORMANCE OF  
SERVICES BY A STATE EMPLOYEE FOR A STATE AGENCY OTHER  
THAN THE ONE BY WHICH HE WAS CURRENTLY EMPLOYED  
(Rule 0620-3-2-.02, continued)

CHAPTER 0620-3-2

2. Compensation to employee \$\_\_\_\_\_ (payable through Vendor's personnel system by supplemental pay authorization). Reimbursement by Procuring Agency to Vendor Agency (includes cost of any applicable staff benefits to Vendor's employee for service under this agreement) \$\_\_\_\_\_.

3. Payment will be made by Procuring Agency after completion of service and after receipt of invoice from Vendor Agency, mailed to the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Term: \_\_\_\_\_

Dated This \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

(Vendor Agency)

(Procuring Agency)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**\*Department of Finance and Administration**

By: \_\_\_\_\_

\*This approval necessary only if compensation to the Vendor's employee is to exceed \$1,500.

**Authority:** T.C.A. §8-23-201(c). **Administrative History:** Original rule filed April 14, 1976; effective May 14, 1976. Repeal and new rule filed May 16, 1980; effective August 27, 1980. Repeal and new rule filed March 29, 1984; effective June 12, 1984.

**0620-3-2-.03 REPEALED.**

**Authority:** §64 of Chapter 380 of the Public Acts of 1975 and T.C.A. §4-3253. **Administrative History:** Original rule filed April 14, 1976; effective May 14, 1976. Repeal and new rule filed May 16, 1980; effective August 27, 1980.

**0620-3-2-.04 REPEALED**

**Authority:** §64 of Chapter 380 of the Public Acts of 1975 and T.C.A. §4-3252. **Administrative History:** Original rule filed April 14, 1976; effective May 14, 1976. Repeal and new rule filed May 16, 1980; effective August 27, 1980.